

## MINISTRIES AND DEPARTMENTS

### 6.1 Ministry of Agriculture

During the period, the Royal Audit Authority had issued 43 audit reports of the Ministry of Agriculture and its departments, divisions and units. There were 252 observations pointed out in the reports involving over Nu. 35.009 million. However, 137 observations amounting to over Nu. 15.948 million were settled. The total unresolved significant irregularities amounted to Nu. 10.030 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	1.088	1 & 2
2	Mismanagement	0.312	3
3	Violation of Laws and Rules	2.451	4
4	Shortfalls, Lapses & Deficiencies	6.179	5
	<b>Total</b>	<b>10.030</b>	

#### 1 Fraud, Corruption and Embezzlement – Nu.1.088 million

There were cases of strong indicators of fraud, corruption and embezzlement involving Nu. 1.088 million as summarised hereunder:

Sl. No	Observation in brief	Nu. in million	Para No	Who are accountable?
1.1	Misappropriation of cash/revenue	0.643	1.1 1.2 1.3 1.4 1.1	Karma Tshewang, Accounts Asstt. III , Tashi Dhendup, Farm Manager, Tempa Gyeltshen, Sr. Accountant, Naiten Wangchuk, Farm Manager, Yeshey Dorji, Accountant, Neten, Asstt. Fishery Officer & Namgay Dorji, Program Director
1.2	Missing/shortage of equipment/stores	0.126	2 2 2.1	Jambay Yonten, AE, Kesang Wangchuk Accountant, R.B Gurung, Regional Vety. Officer, Ugyen Namgyel, ICDP Ranger, Karma Dema, Adm. Asstt. & Dr. Sonam Wangyel Wang, CFO
1.3	Payments for works not executed	0.101	1 1.5	Rinzin Dorji, Accountant & Passang W. Norbu, Chief Forestry Officer Karma Gyeltshen, SE & Kinley Tshering, PM
1.4	Fictitious payment	0.025	1	Kesang Wangchuk, Accountant & Dr. R.B Gurung, Regional Vety. Officer

1.5	Non-accountal of funds	0.169	5.3	S.K Katwal, Accountant & Dr. Lungten Norbu, Programme Director
1.6	Remittances without recoveries	0.024	2	K.B Subba, Ex-principal & T.B Mongar, Principal
	<b>Total</b>	<b>1.088</b>		

The cases of fraud, corruption and embezzlement are explained below:

### **1.1 Misappropriation of cash – Nu. 0.643 million**

a) The National Jersey Breeding Centre, Samtse had cases of misappropriation of cash of Nu. 0.427 million as under:

- Out of the cash closing balance of Nu. 0.377 million for the financial year 2006 - 2007, only Nu. 0.059 million was deposited. The balance of Nu. 0.318 million had been misappropriated by the dealing official. Subsequently, Nu. 0.020 million had been refunded to the Department of Public Accounts by the incumbent.
- Further, Nu. 0.017 million was misappropriated by not accounting the recoveries made in the receipt side of the cashbook. The amount was deposited into Audit Recoveries Account.
- Similarly, refunds in cash amounting to Nu. 0.052 million were not accounted in the BAS resulting into deflation of cash balance.
- Nu. 0.040 million was misappropriated through bogus booking of remittances in the cash column of the BAS Cashbook.

While partial recoveries of misused funds had been made no other action as required under the Bhutan Civil Service Rules and Regulations and as per the Laws of the Land had been taken by the agency. (AIN 7499)

b) The National Warm Water Fish Culture Centre, Gelephu had a case of misappropriation of revenue of Nu. 0.216 million. The revenue collected were either not deposited or short deposited into the Government Revenue Account. Subsequently, the amount was deposited into Audit Recoveries Account but no further action for misappropriation of funds as required under the Bhutan Civil Service Rules and Regulations and as per the Laws of the Land had been taken by the agency. (AIN 7497)

### **1.2 Missing/shortage of equipment/stores – Nu. 0.126 million**

a) The computer worth Nu. 0.049 million recorded as issued from Central Machinery Unit, Bumthang to the Regional Office, Khangma was not available at Khangma. No action had been taken. (AIN 7482)

- b) A 29” flat screen TV worth Nu. 0.031 million and a portable tent worth Nu. 0.013 million were not available for physical verification in Regional Veterinary Laboratory, Bumthang. No action had been taken. (AIN 7391)
- c) The Jigme Singye Wangchuck National Park, Trongsa had shortages of 35 library books worth Nu. 0.033 million. The management had stated that the books were not supplied by the supplier although the payments were already made. No action had been taken. (AIN 7681)

### ***1.3 Payments for works not executed – Nu. 0.101 million***

- a) In the construction of flood protection wall at Deopani Khola, the Divisional Forest Office, Samtse had made payments of Nu. 0.023 million for works not executed. No action had been taken. (AIN 7492)
- b) The Jigme Dorji National Park, Damji had made payments of Nu. 0.078 million for providing and laying Random Rubble Masonry with hard stone in cement mortar 1:4 in superstructure in the construction of the staff quarter. The said item of work was, however, found not executed. No action had been taken.(AIN 7612)

### ***1.4 Fictitious payments – Nu. 0.025 million***

The Regional Veterinary Laboratory, Bumthang had made a fictitious payment of Nu. 0.025 million through manipulation of bills and challans. No action had been taken. (AIN 7391)

### ***1.5 Non/short accountal of funds – Nu. 0.169 million***

The Renewable Natural Resources Research Centre, Yusipang had not accounted receipts of Nu. 0.169 million from sale of tender documents, farm produces and adjustment of advances in the cashbook. No action had been taken. (AIN 7352)

### ***1.6 Remittances without recoveries – Nu. 0.024 million***

The Bhutan Forestry Institute, Taba had remitted a sum of Nu. 0.024 million from the Letter of Credit Account into Audit Recoveries Account to settle past audit observations which was recoverable from the individuals. No action had been taken. (AIN 7307)

## 2 Mismanagement – Nu. 0.312 million

There were cases of mismanagement aggregating to Nu. 0.312 million as summarised hereunder:

Sl. No	Observation in brief	Nu. in million	Para No	Who are accountable?
2.1	Non-issue & utilization of machineries	0.272	3.1	Phuntsho, Accountant & Sonam Norbu, Offtg. National Co-director
2.2	Outstanding sale proceeds	0.040	1	Sonam Tshomo, Accounts Asstt.
	<b>Total</b>	<b>0.312</b>		

The cases of mismanagement are explained below:

### 2.1 *Non-issue and utilisation of machineries – Nu. 0.272 million*

On instruction of the Ministry of Agriculture, the Wang Watershed Management Project, Paro had procured a tractor at the cost of Nu. 0.272 million in June 2007 for distribution to the farming communities. However, the machinery was still lying at the godown of the Agriculture Machinery Centre, Paro due to the Ministry's failure to identify the designated beneficiaries. (AIN 7529/PLC)

### 2.2 *Outstanding sale proceeds – Nu. 0.040 million*

The National Biodiversity Centre, Serbithang had outstanding sale proceeds of Nu. 0.040 million realisable on account of sale of books on Flora of Bhutan. (AIN 7709)

## 3 Violation of Laws and Rules – Nu. 2.451 million

There were cases of violation of laws and rules involving Nu. 2.451 million as summarised hereunder:

Sl. No	Observation in brief	Nu. in million	Para No	Who are accountable?
3.1	Payment without supporting documents	0.092	2.1 3 1.2	Karma Tshewang, Accounts Asstt. III, Tashi Dhendup, Farm Manager, Kezang Wangchuk, Accountant, Dr. R.B Gurung, Regional Vety. Officer, Phuntsho, Accountant & Sonam Phuntsho, Offtg. National Co-director
3.2	Un-reconciled	0.710	5.2	Pema Tamang, Accountant &

	differences			Sangay, PFO
3.3	Non/incomplete maintenance of accounts	1.006	5.1	Pema Tamang, Accountant & Sangay, PFO
3.4	Excess booking of expenditure	0.643	5.2	Pema Tamang, Accountant & Sangay, PFO
3.5	Non-declaration of assets	-	4	Tenzin Wangchuk, CF, Kezang Dorji, AFO, Kezang Jigme, AFO, Dhono, AFO, Jangchu Wangdi, Ranger, Rinchen Wangdi, Ranger, Phuntsho, Ranger, Norbu Wangchuk, FG, Dotuk, FG, Kuenley Sithup, FG & Phurpa Dorji, FG
3.6	Execution of substandard works	-	1.3, 1.4	Dhatta Rai, DAO, Haa
	<b>Total</b>	<b>2.451</b>		

The cases of violation of laws and rules are explained below:

### **3.1 Payment without supporting documents – Nu. 0.092 million**

- a) The National Jersey Breeding Centre, Samtse had made payments of Nu. 0.026 million without adequate supporting documents. (AIN 7499)
- b) The Regional Veterinary Laboratory, Bumthang had made payments of Nu. 0.023 million without adequate supporting documents. (AIN 7391)
- c) The Wang Watershed Management Project, Paro had booked subsistence allowance payment of Nu. 0.043 million without requisite bills and vouchers. (AIN 7529/PLC)

### **3.2 Un-reconciled differences – Nu. 0.710 million**

The Department of Agriculture had borrowed a sum of Nu. 2.000 million from the National Plant Protection Centre for onward advance payment to Project Facilitation Office (PFO), Khangma. The advance payment was not recorded in the Books of Accounts and the refund of advance was directly booked as expenditure. The statement of Accounts submitted by PFO, Khangma showed receipt of Nu. 2.710 million against the remittance of Nu. 2.000 million. The differences of Nu. 0.710 million was not reconciled. (AIN 7230)

### **3.3 Non/incomplete maintenance of accounts – Nu. 1.006 million**

As per the compiled report of the Land Management Campaign conducted by the Department of Agriculture, the total expenditure incurred was Nu. 6.700 million. However, the total bills received and expenditure booked amounted to Nu. 5.694 million resulting into difference of Nu. 1.006 million. Further, important

documents such as detailed expenditure estimates, list of participants, officials and details of the expenditure incurred were not furnished for verification. (AIN 7230)

### **3.4 Excess booking of expenditure – Nu. 0.643 million**

The Project Facilitation Office, Khangma had submitted accounts for Nu. 1.823 million as against the bills supporting the expenditure of Nu. 1.798 million only. This had resulted into excess booking of expenditure of Nu. 0.643 million by the Department of Agriculture under the Land Management Campaign. (AIN 7230)

### **3.5 Non-declaration of personal assets**

12 officials of the Sakteng Wildlife Sanctuary, Phongmey had not declared their personal assets as required under the Anti-Corruption Act of Bhutan 2006 and the Bhutan Civil Service Rules & Regulations, 2006. (AIN 7469)

### **3.6 Execution of substandard works**

The Wang Watershed Management Project, Paro funded the hire of machineries, procurement of materials and the payments for skilled labourers in the construction of various tractor tracks under the Dzongkhag Administration, Haa. However during verification, it was observed that a stretch of rocky area measuring 51metres in length and a stretch measuring 14 metres in length along the 6.1 Kilometres track to Pajaykha and Sangkari were not executed. Further procurement of Hume pipes to channel the streams encountered along the tracks were not installed resulting into erosions of roads at various intervals. The works executed were thus incomplete, damaged and could not be used effectively. (AIN 7529/PLC)

## **4 Shortfalls, Lapses and Deficiencies – Nu. 6.179 million**

There were cases of shortfalls, lapses and deficiencies aggregating to Nu. 6.179 million as summarised hereunder:

Sl. No	Observation in brief	Nu. in million	Para No	Who are accountable?
4.1	Excess payments to contractors	0.317	3.2 2.11.1 1.3 1.6 1.1 1.2	Naiten Wangchuk, Farm Manager, Tashi Dhendup, Farm Manager, Ugyen Drukpa, AE, Sonam Tshering, Chief Forestry Officer, Chetem Wangchen, Programme Director, Karma Gyeltshen, AE, Kinley Tshering, PM, Mani Sangay, CFO, Kinga Yeshey, AE, Ngawang Tenzin, Park Ranger & Ugyen Namgyel, ICDP Ranger,
4.2	Non-reconciliation of advances	0.038	2.3	Karma Tshewang, Accounts Asstt. III & Tashi Dhendup, Farm Manager

4.3	Abnormal deviations from Bill of Quantities	0.063	2.9.1	Ugyen Drukpa, Asstt. Engineer & Sonam Tshering, Chief Forestry Officer
4.4	Loss of revenues due to irregularities in disposal and auction	0.094	2.3	T.P Jacob, Asstt. Adm. Officer, Tashi Tobgey, Asst. Director, Lt. Wangdi Gyeltshen, RBP, Passang W. Norbu, CFO, Chichi Kachen, SFO, Kinley Tshering, SFR, Pema Thinley, SFR & P.B Subba, FR
4.5	Non/Short collection/ deduction of house rents	0.209	2.8	Rinzin Dorji, Accountant & Passang W. Norbu, CFO
4.6	Inadmissible payments	0.070	2.1	Tenzin, Ranger & Karma Tenzin, Park Manager
4.7	Double payments	0.056	1.2	Sonam Thinley, DCA & Kinley Tshering, PM
4.8	Missing vouchers/supporting documents	0.434	12 13	S.K Katwal, Accountant, Dr. Lungten Norbu, Programme Director, Pema Tamang, Accountant & Sonam Wangdi, Deputy Secretary
4.9	Non/short refund of unspent fund balance	0.313	5.3 1.1	Sangay, PFO, Kencho, Engineer & Dr. Pema Wangdra, Forest Officer
4.10	Outstanding advances	4.585	6 4.1 4.2 1.1 5.13 8 5 3.1	Kezang Wangchuk, Accountant, Dr. R.B Gurung, Regional Vety. Officer, S.K Katwal, Accountant, Dr. Lungten Norbu, Programme Director, Puran Chettri, JE, Ratu Wangchuk, CFO, Pema Tamang, Accountant, Sangay, PFO, Sonam Wangdi, Deputy Secretary, Yuden Dorji, Programme Coordinator, Sonam Thinley, DCA & Kinley Tshering, PM
	<b>Total</b>	<b>6.179</b>		

The cases of shortfalls, lapses and deficiencies are explained below:

#### **4.1 Excess payment to contractors – Nu. 0.317 million**

- a) The National Jersey Breeding Centre, Samtse had made excess payments of Nu. 0.039 million to a contractor in the construction of a milch Cowshed. The rates paid were for 12mm thick M.S flats while the materials required and used were 8mm thick M.S flats. (AIN 7499)
- b) The Divisional Forest Office, Gedu had made excess payment of Nu. 0.043 million in the extension of reclamation walls and fencing works. The excess payment had occurred due to the difference in the actual quantities of works executed and the quantities paid to the contractor. (AIN 7526)
- c) The Agriculture Machinery Centre, Paro had made excess payment of Nu. 0.038 million in the construction and electrification of Testing Laboratory. The excess payment had occurred due to double payments for an item of work along with some other irregularities. (AIN 7528)

- d) The Jigme Dorji National Park, Damji had made excess payment of Nu. 0.092 million in the construction of staff quarter at Damji. The excess payment had occurred due to the difference in the quantities of works paid for and the actual quantities executed. (AIN 7612)
- e) Jigme Singye Wangchuck National Park, Trongsa had made excess payment of Nu. 0.041 million in the construction of the Park Range Office. The excess payment had occurred due to the differences in the quantities paid for and the actual quantities of works executed. (AIN 7704)
- f) Jigme Singye Wangchuck National Park, Trongsa had made excess payment of Nu. 0.064 million in the construction of the staff quarters at Taksha. The excess payment had occurred due to the differences in the quantities paid for and the actual quantities of works executed. (AIN 7704)

#### **4.2 *Non-reconciliation of advances – Nu. 0.038 million***

The National Jersey Breeding Centre, Samtse had neither reconciled the outstanding advance balances nor were the records updated. As a result, there was understatement of outstanding advances by Nu. 0.187 million. Subsequently, the management had re-casted and reported the actual understatement of Nu. 0.038 million. (AIN 7499)

#### **4.3 *Abnormal deviation from Bill of Quantities – Nu. 0.063 million***

The Divisional Forest Office, Gedu had admitted abnormal deviation ranging from +69.02% to +776.07% in some of the items of the bill of quantities in the extension of reclamation walls and fencing works with financial implication of Nu. 0.063 million. (AIN 7526)

#### **4.4 *Loss of revenue due to irregularities in disposal and auction – Nu. 0.094 million***

The Divisional Forest Office, Samtse had conducted an open auction to dispose off riverbed materials such as boulders, sand, gravel, stone chips and aggregates. The highest bidder was rejected on the ground that the bid was invalid due to non-production of license despite the fact that the bidders could participate in the auction only after proper verification and approval of the Committee. The outright rejection of the highest bid had cost government revenue of Nu. 0.094 million. (AIN 7492)

#### **4.5 *Non/short collection/deduction of house rents – Nu. 0.209 million***

The Divisional Forest Office, Samtse had short deducted house rents aggregating to Nu. 0.209 million due to non-regulation of house rents as per the carpet floor area. The house rents were realised as a fixed percentage of the basic pay. (AIN 7492)

#### **4.6 *Inadmissible payments – Nu. 0.070 million***

The Bumdeling Wildlife Sanctuary had made inadmissible lump sum hardship allowance payment of Nu. 0.070 million to a team patrolling in the remote parts of the Sanctuary. (AIN 7552)

#### **4.7 *Double payments – Nu. 0.056 million***

The Jigme Dorji National Park, Damji had made double payments of Nu. 0.056 million in the construction of staff quarter at Damji. The management had stated that the double payment had occurred due to oversight. (AIN 7612)

#### **4.8 *Missing vouchers/supporting documents – Nu. 0.434 million***

- a) The Renewable Natural Resources Research Centre, Yusipang had not produced payments vouchers for Nu. 0.253 million for verification. (AIN 7352)
- b) The Department of Agriculture had not produced disbursement vouchers for Nu. 0.181 million for verification. (AIN 7230)

#### **4.9 *Non/short refund of unspent fund balances – Nu. 0.313 million***

- a) The Department of Agriculture had received a sum of Nu. 0.022 million against a total unspent fund balance of Nu. 0.269 million from the Project Facilitation Office, Khangma. This had resulted into short refund of unspent fund balance of Land Management Campaign of Nu. 0.247 million. (AIN 7230)
- b) The Wang Watershed Management Project, Paro had paid Nu. 0.066 million to Renewable Natural Resources Research Centre, Yusipang for maintenance of Hydromet Stations under four different sub-catchments. The work was not executed due to absence of immediate requirement but the unspent fund was not refunded even after the closure of the project. (AIN 7529/PLC)

#### **4.10 *Outstanding advances – Nu. 4.585 million***

- a) The Regional Veterinary Laboratory, Bumthang had advances of Nu. 0.032 million lying outstanding against various employees. (AIN 7391)
- b) The Renewable Natural Resources Research Centre, Yusipang had not recovered or adjusted secured advance of Nu. 0.197 million from the contractor. (AIN 7352)
- c) The Renewable Natural Resources Research Centre, Yusipang had advances of Nu. 2.328 million lying outstanding against various officials and contractors. (AIN 7352)

- d) The Divisional Forest Office, Bumthang had outstanding amount of Nu. 0.262 million from a contractor whose contract for construction of Divisional Forest Office had been terminated due to the delay in the progress of the work. (AIN 7544)
- e) The Department of Agriculture had advances of Nu. 0.811 million lying outstanding against various officials on account of Land Management Campaign. The advances paid to various officials during the financial years 2005-2006 and 2006-2007 were not settled even after the completion of the activities. (AIN 7230)
- f) The Department of Agriculture had advances of Nu. 0.837 million lying outstanding against various officials. (AIN 7230)
- g) The Rural Enterprise Development Programme had advances of Nu. 0.070 million lying outstanding against various officials. (AIN 7371/PLC)
- h) The Jigme Dorji National Park, Damji had advances of Nu. 0.048 million lying outstanding against various parties. (AIN 7612)

## 6.2 Ministry of Education

During the period, the Royal Audit Authority had issued 12 audit reports of the Ministry of Education and its departments, divisions and units. There were 95 observations pointed out in the reports involving over Nu. 108.131 million. However, 45 observations amounting to over Nu. 12.215 million were settled. The total unresolved significant irregularities amounted to Nu. 1.615 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Violation of Laws and Rules	0.594	4
2	Shortfall, Lapses & Deficiencies	1.021	5
	<b>Total</b>	<b>1.615</b>	

### 1 Violation of Laws and Rules – Nu. 0.594 million

There were cases of violation of laws and rules involving Nu. 0.594 million as summarised hereunder:

Sl. No	Observation in brief	Nu in million	Para No	Who are accountable?
1.1	Non-production of documents	-	4.1 3.3	Penjor Dorji, Ex-procurement Officer & Tashi Tobgay, Chief

				Adm. Officer
1.2	Non-levy of liquidated damages	0.499	2.1.1 3.3 4.3	Dago Dorji, Chief Program Officer, Neten Wangchuk, Engineer, Basantt Raj Chetri, Chief Engineer, Penjor Dorji, Ex. Procurement Officer & Tashi Tobgay, Chief Adm. Officer
1.3	Booking of advances as expenditure	0.095	8.1	Tashi Tshering, Accountant & Tashi Tobgay, Chief Adm. Officer
	<b>Total</b>	<b>0.594</b>		

The cases of violation of laws and rules are explained below:

### ***1.1 Non-production of documents***

- a) The Ministry had failed to produce comparative statements and tender evaluation report of the Committee relating to procurement and installation of computers and accessories worth Nu. 5.094 million. (AIN 7401)
- b) The Procurement Section of the Ministry and the Central Stores, Phuentsholing did not provide original bids, bid comparative statements and bid evaluation reports pertaining to procurements involving Nu. 39.500 million. (AIN 7585)

### ***1.2 Non-levy of liquidated damages – Nu. 0.499 million***

- a) The Ministry had not levied liquidated damages of Nu. 0.049 million for the delay in supply and installation of fuel efficient stoves in some of the schools. (AIN 7267)
- b) The Ministry had not levied liquidated damages of Nu. 0.379 million for the delay in the supply of furniture. (AIN 7401)
- c) The Ministry had not levied liquidated damages of Nu. 0.071 million for the delay in the supply and installation of computers and accessories. (AIN 7401)

### ***1.3 Booking of advances as expenditure – Nu. 0.095 million***

The Ministry had booked advances of Nu. 0.095 million as expenditure. (AIN 7401)

## 2 Shortfalls, Lapses & Deficiencies – Nu. 1.021 million

There were cases of shortfalls, lapses & deficiencies involving Nu. 1.021 million as summarised hereunder:

Sl. No	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Inadmissible payments	0.189	2.3 b 7.1 7.3	Sonam Pelden, Former Project Manager, Tashi Tobgye, Chief Adm. Officer, Tashi Tshering, Accountant & Pema Yangden, Finance Officer
2.2	Excess payment	0.067	2.2	Tashi Tshering Accountant & Pema Yangden, Finance Officer
2.3	Short and non-receipt of goods	0.720	3.8	Pema Dorji, Store Asstt., Sangay Dema, Store Asstt., Tashi Wangmo, Store Asstt., D.B Gurung, Adm. Asstt., Karma Thinley, Store Asstt. & Amber Ghaley, Dy. Chief Procurement Officer
2.4	Inadequate monitoring in procurement and distribution of school material	-	3.1 & 3.2	-
2.5	Outstanding advances	0.045	1.5	Tashi Tobgay, Chief Adm. Officer (Supervisory)
	<b>Total</b>	<b>1.021</b>		

The cases of shortfalls, lapses & deficiencies are as explained below:

### 2.1 *Inadmissible payments – Nu. 0.189 million*

- a) The Ministry had made inadmissible mileage payments of Nu. 0.037 million to various officials attending the 2<sup>nd</sup> Leadership Training for Youths. (AIN 7365)
- b) The Ministry had made inadmissible payment of subsistence allowances, porter and pony charges and mileages of Nu. 0.095 million to various teachers. (AIN 7401)
- c) The Ministry had paid 45% allowance on the basic pay to two officials despite merger of 45% allowance with the basic pay since July 2006. This had resulted into inadmissible payment of Nu. 0.057 million. (AIN 7401)

### 2.2 *Excess payments – Nu. 0.067 million*

The Ministry had made excess payment of Nu. 0.067 million on account of charges for the preparation of estimates for the construction of electricity sub-station at Tendru Higher Secondary School. (AIN 7401)

### **2.3 Short and non-receipt of goods – Nu. 0.720 million**

The Education Central Store, Phuentsholing had cases of short supplies as evident from the remarks made on the acknowledged challans by the recipient schools and cases where the receipts of goods were not acknowledged by the recipient schools amounting to Nu. 0.720 million. (AIN 7586)

### **2.4 Inadequate monitoring, supervision and coordination in procurement and distribution of school material**

The audit of operations of the revolving fund of the Education Central Store, Phuentsholing showed inadequacy in monitoring, supervision and coordination of procurement and distribution of school curriculum materials. There were significant delays starting from submission of annual requisition forms, compilation, consolidation and finalisation of purchase list as well as tender announcement and award of the supply contracts and delivery of goods to the schools. The acknowledged challans/receipts were delayed for periods ranging from 4 to 9 months resulting into abnormal delays in realisation of the costs from various Dzongkhags. The supplier had also delayed delivery of goods from periods ranging from 4 to 207 days. Unless a proper system is instituted by the Ministry in consultation with the Ministry of Finance, such lapses would continue to occur. (AIN 7586)

### **2.5 Outstanding advances – Nu. 0.045 million**

The Ministry had advances of Nu. 0.045 million lying outstanding against various officials. (AIN 7267)

## **6.3 Ministry of Finance**

During the period, the Royal Audit Authority had issued 18 reports of the Ministry of Finance and its departments, divisions and units. There were 41 observations pointed out in the reports involving over Nu. 121.054 million. However, 28 observations amounting to over Nu. 48.435 million were settled. The total unresolved significant irregularities amounted to Nu. 1.101 million as summarised below:

Sl. No.	Observations in brief	Nu. in Million	Category Code
1	Mismanagement	0.999	3
2	Shortfalls, Lapses & Deficiencies	0.102	5
	<b>Total</b>	<b>1.101</b>	

### **1 Mismanagement – Nu. 0.999 million**

There were cases of mismanagements involving Nu. 0.999 million as summarised hereunder:

### 1.1 *Outstanding taxes – Nu. 0.999 million*

- a) The Regional Revenue & Customs Office, Samtse had outstanding Business Income Tax and Corporate Income Tax of Nu. 0.756 million from various business units. (Para 8, AIN 7500)

#### *Who are accountable?*

Ganesh Lama, Tax Head & Tenzin Norbu, Regional Commissioner

- b) The Regional Revenue & Customs Office, Phuentsholing had outstanding Business Income Tax of Nu. 0.243 million from a business units. (Para 2.5, AIN 7467)

#### *Who are accountable?*

Namgay Wangchuk, Dy. Commissioner & Ugyen Namgyel, Regional Commissioner

## 2 **Shortfalls, Lapses & Deficiencies – Nu. 0.102 million**

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There was a case of shortfalls, lapses & deficiencies involving Nu. 0.102 million as summarised hereunder:

### 2.1 *Inadmissible payments – Nu. 0.102 million*

The Liaison and Transit Office, Kolkata had made inadmissible payments of daily subsistence allowances of Nu. 0.102 million to its officials while on duty at the Airport. (Para 1, AIN 7301)

#### *Who are accountable?*

Jambay Dorji, LTO, Tharchen Lhendup, Asstt. LTO (former), Tshering Nidup, Custom Inspector & Khandu Dorji, Custom Inspector

## 6.4 **Ministry of Foreign Affairs**

During the period, the Royal Audit Authority had issued 2 audit reports of the Missions and Embassies of the Ministry of Foreign Affairs. There were 11 observations pointed out in the reports involving over Nu. 12.054 million. However, 3 observations amounting to over Nu. 0.273 million were settled. The total unresolved significant irregularities amounted to Nu. 6.165 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.293	1 & 2
2	Shortfalls, Lapses & Deficiencies	5.872	5
	<b>Total</b>	<b>6.165</b>	

## **1 Fraud, Corruption & Embezzlement – Nu. 0.293 million**

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There were cases of indicators of fraud, corruption & embezzlement involving Nu. 0.293 million as summarised hereunder:

### **1.1 Cash shortages – Nu. 0.293 million**

- a) The Royal Bhutanese Embassy, Bangkok, Thailand had a case of cash shortages of USD 761.93 equivalent to Nu. 0.035 million (at Nu. 46 for 1 USD). Subsequently, an amount of USD 111.93 was deposited into Audit Recoveries Accounts leaving a balance of USD 661.00. While partial recoveries of shortages had been made no other action as required under the Bhutan Civil Service Rules and Regulations and as per the Laws of the Land had been taken against the officials responsible for the lapses. (Para 1.1, AIN 7597)

#### ***Who are accountable?***

Sonam Leki

- b) The Royal Bhutanese Embassy, Bangkok, Thailand had a case of cash shortages of Thai Baht 0.185 million equivalent to Nu. 0.258 million (at Nu. 46 and Thai Baht 33 for 1 USD). Subsequently, the amount was deposited into Audit Recoveries Accounts but no other action as required under the Bhutan Civil Service Rules and Regulations and as per the Laws of the Land had been taken against the official responsible for the lapses. (Para 1.2, AIN 7597)

#### ***Who are accountable?***

Sonam Leki

## **2 Shortfalls, Lapses & Deficiencies – Nu. 5.872 million**

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There were cases of shortfalls, lapses & deficiencies involving Nu. 5.872 million as summarised hereunder:

### **2.1 Outstanding advances – Nu. 5.872 million**

- a) The Permanent Mission of the Kingdom of Bhutan to the United Nations, New York had advances of USD equivalent to Nu. 3.986 million lying outstanding against various individuals, employees, Ministries and Agencies. (AIN 7308)

### *Who are accountable?*

Letho, First Secretary & HE Dawa Penjo, Kutshab

- b) The Royal Bhutanese Embassy, Bangkok, Thailand had advances of USD 0.041 million equivalent to Nu. 1.886 million (at Nu. 46 for 1 USD) lying outstanding against various parties. (AIN 7597)

### *Who are accountable?*

HE Singye Dorjee, Kutshab (Supervisory)

## **6.5 Ministry of Health**

During the period, the Royal Audit Authority had issued 23 reports of the Ministry of Health and its departments, divisions and units. There were 63 observations pointed out in the reports involving over Nu. 79.791 million. However, 29 observations amounting to over Nu. 27.821 million were settled. The total unresolved significant irregularities amounted to Nu. 0.854 million as summarised below:

Sl. No.	Observations in brief	Nu. in Million	Category Code
1	Fraud, Corruption & Embezzlement	0.134	1 & 2
2	Shortfalls, Lapses & Deficiencies	0.720	5
	<b>Total</b>	<b>0.854</b>	

### **1 Fraud, Corruption & Embezzlement – Nu. 0.134 million**

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There was a case of indicator of fraud, corruption & embezzlement involving Nu. 0.134 million as summarised below:

#### ***1.1 Payments for items provided other than those specified - Nu. 0.134 million***

A contractor had been paid Nu. 0.155 million for providing two plastic storage tank with capacity of 75000 litres each. However, the contractor had provided tanks with capacity of 10,000 litres each and the excess payment of Nu. 0.134 million was not recovered. No action had been taken. (Para 1.4, AIN 7618)

### *Who are accountable?*

Karma, AE, Sangay Dawa, Project Manager & K.B Giri, Executive Engineer

## 2 Shortfalls, Lapses & Deficiencies – Nu. 0.720 million

There were cases of shortfalls, lapses & deficiencies involving Nu. 0.720 million as summarised hereunder:

Sl. No	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Excess payment to contractors	0.074	1.1	Karma, AE & Sangay Dawa, Project Manager
2.2	Irregular payment to contractor	0.197	1.5	Karma, AE & Sangay Dawa, Project Manager
2.3	Outstanding advances	0.449	2 3.1 1	Nado Dukpa, Chief Adm. Officer, N. Sreekumar, Finance Manager, Wangdi Gyeltshen, Project Director & Ugyen Rinzin, Project Manager
	<b>Total</b>	<b>0.720</b>		

The cases of shortfalls, lapses & deficiencies are as explained below:

### 2.1 *Excess payment to contractors – Nu. 0.074 million*

The Health Infrastructure Development Project, Department of Medical Services had made excess payments of Nu. 0.074 million in the construction of 50 bedded hospital at Phuentsholing. The excess payment had occurred due to erroneous measurement of TMT bars. (AIN 7618)

### 2.2 *Irregular payment to contractor – Nu. 0.197 million*

The Health Infrastructure Development Project, Department of Medical Services had allowed 5% wastages for steel and timber on the final quantity for payment of cost escalation. The escalation payment of 5% wastages amounting to Nu. 0.197 million was in violation to the Contract Document and the decisions of the Pre-bid Meeting. (AIN 7618)

### 2.3 *Outstanding advances – Nu. 0.449 million*

- a) The Ministry had advances of Nu. 0.335 million lying outstanding against various officials and parties. (AIN 7306)
- b) In the construction of 350 bedded Hospital at Thimphu and 150 bedded Hospital at Mongar, the Project had overdue advances of Nu. 0.083 million lying outstanding against the contractors. (AIN 7582)
- c) The Rural Water Supply Scheme and Sanitation Programme, Phase II had advances of Nu. 0.031 million lying outstanding against various Dzongdas. (AIN 7626/PLC)

## 6.6 Ministry of Home & Cultural Affairs

During the period, the Royal Audit Authority had issued 8 reports of the Ministry of Home & Cultural Affairs and its departments, divisions and units. There were 32 observations pointed out in the reports involving over Nu. 18.759 million. However, 17 observations amounting to over Nu. 17.417 million were settled. The total unresolved significant irregularities amounted to Nu. 0.739 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Shortfalls, Lapses & Deficiencies	0.739	5
	<b>Total</b>	<b>0.739</b>	

### 1 Shortfalls, Lapses & Deficiencies – Nu. 0.739 million

There were cases of shortfalls, lapses & deficiencies involving Nu. 0.739 million as summarised hereunder:

Sl. No	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Excess payment to suppliers/ contractors	0.078	1b	Damcho Duba, Procurement Officer
1.2	Outstanding advances	0.661	4 5	Nob Tshering, Head, AFD (Supervisory)
	<b>Total</b>	<b>0.739</b>		

The cases of shortfalls, lapses & deficiencies are as explained below:

#### 1.1 *Excess payments – Nu. 0.078 million*

The Ministry had made excess payment of Nu. 0.078 million to a catering firm through inflation of the number of participants. (AIN 7251/PLC)

#### 1.2 *Outstanding advances – Nu. 0.661 million*

- a) The Department of Culture had advances of Nu. 0.040 million lying outstanding against various officials. (AIN 7318)
- b) The Ministry had advances of Nu. 0.621 million lying outstanding against various officials. (AIN 7251)

## 6.7 Ministry of Information & Communications

During the period, the Royal Audit Authority had issued 4 reports of the Ministry of Information & Communications and its departments, divisions and units. There were 15 observations pointed out in the reports involving over Nu. 4.616 million. However, 7 observations amounting to over Nu. 1.234 million were settled. The total unresolved significant irregularities amounted to Nu. 1.368 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Mismanagement	0.925	3
2	Shortfalls, Lapses & Deficiencies	0.443	5
	<b>Total</b>	<b>1.368</b>	

### 1 Mismanagement – Nu. 0.925 million

There were cases of mismanagement involving Nu. 0.925 million as summarised hereunder:

Sl. No	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Overdue Taxes and Revenue	0.872	3.4, 1.6. 1.1.1	Bhakti Maya Rai, Asstt. Accountant, Jamba Rinchen, MVI, Dophu Dukpa, RTO, Chhime Penjor, RLO, Sonam Gyaltshen, RTO, Gyeltshen Dorji, Accountant & Phuntsho Wangdi, RTO
1.2	Non-realisation of Fines and Penalties	0.053	5.1	Peyma Dorji, Sr. FO (Supervisory)
	<b>Total</b>	<b>0.925</b>		

The cases of mismanagement are explained below:

#### 1.1 *Overdue taxes and revenue – Nu. 0.872 million*

- a) The Regional Transport Office, Thimphu had overdue taxes and revenue of Nu. 0.126 million collectible on account of rental charges. (AIN 7607)
- b) The Regional Transport Office, Phuentsholing had overdue taxes and fees of Nu. 0.498 million on account of annual renewal fees. (AIN 7461)
- c) The Regional Transport Office, Samdrupjongkhar had overdue taxes and fees of Nu. 0.248 million on account of annual renewal fees. (AIN 7461)

### **1.2 Non-realisation of fines and penalties – Nu. 0.053 million**

The Regional Transport Office, Thimphu had not realised fines and penalties of Nu. 0.053 million from various traffic violators. (AIN 7607)

#### **Who are accountable?**

Captain Namgay, Traffic OC and Dophu Dukpa, RTO

## **2 Shortfalls, Lapses & Deficiencies – Nu. 0.443 million**

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There were cases of shortfalls, lapses & deficiencies involving Nu. 0.443 million as summarised hereunder:

Sl. No	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Excess payment to contractors	0.263	5	Jangchuk, Manager & Kinley T. Wangchuk
2.2	Outstanding advances	0.180	7	Peyma Dorji, Sr. FO (Supervisory)
	<b>Total</b>	<b>0.443</b>		

The cases of shortfalls, lapses & deficiencies are explained below:

### **2.1 Excess payment to contractors – Nu. 0.263 million**

The Ministry had made excess payment of Nu. 0.263 million in the construction of approach road to Tsirang Monitoring Station. The excess payment had occurred due to non-deduction of payments made in the 1<sup>st</sup> running bill from the final bill of the contractor. (AIN 7642)

### **2.2 Outstanding advances – Nu. 0.180 million**

The Ministry had advances of Nu. 0.180 million lying outstanding against various officials. (AIN 7642)

## **6.8 Ministry of Labour and Human Resources**

During the period, the Royal Audit Authority had issued 9 reports of the Ministry of Labour & Human Resources and its departments, divisions and units. There were 44 observations pointed out in the reports involving Nu. 75.626 million. However, 20 observations amounting to Nu. 49.518 million were settled. The total unresolved significant irregularities amounted to Nu. 2.470 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.109	1 & 2
2	Violation of Laws and Rules	0.120	4
3	Shortfalls, Lapses & Deficiencies	2.241	5
	<b>Total</b>	<b>2.470</b>	

## 1 Fraud, Corruption & Embezzlement – Nu. 0.109 million

There was a case of indicator of fraud, corruption & embezzlement involving Nu. 0.109 million as summarised hereunder:

### 1.1 *Embezzlements of funds through forgery – Nu. 0.109 million*

The Department of Human Resources had a case of embezzlement of Government funds of Nu. 0.109 million through forgery. The stipend disbursement for trainees under Apprentice Training Program for a particular month amounting to Nu. 0.109 million was processed twice. While one payment was made to the concerned program officer for further disbursement, the other cheque was fraudulently withdrawn by the accountant. Neither recoveries of forged amounts were made nor actions taken against the officials responsible for the lapses as required under the Bhutan Civil Service Rules and Regulations and as per the Laws of the Land. (Para, 1.1, AIN 7542)

#### *Who are accountable?*

Tenzin Dorji, Accounts Assistant, Nima Dorji, CAO & Tempa Gyeltshen, FO

## 2 Violation of Laws and Rules – Nu. 0.120 million

There were cases of violation of laws and rules involving Nu. 0.120 million as summarised hereunder:

Sl. No	Observation in brief	Nu in million	Para No	Who are accountable?
2.1	Execution of substandard works	-	2.1	Lham Bhuti, SE & Kinley Wangdi
2.2	Non-levy of liquidated damages	0.120	2.3	Phuntsho Wangmo, Project Manager & Samten Wangdi, Accountant
	<b>Total</b>	<b>0.120</b>		

The cases of violation of laws and rules are explained below:

### **2.1 Execution of substandard works**

The Basic Skills Development Project had made payments of Nu. 0.790 million for the construction of basketball court and footpath at the Vocational Training Institute, Bumthang. However, the works executed were of poor quality as the plasters were found cracked and damaged within few months. (AIN 7562/PLC)

### **2.2 Non-levy of liquidated damages – Nu. 0.120 million**

The Basic Skills Development Project had not levied liquidated damages of Nu. 0.120 million for the delay in the supply of materials. (AIN 7562)

## **3 Shortfalls, Lapses & Deficiencies – Nu. 2.241 million**

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There was a case of shortfalls, lapses & deficiencies involving Nu. 2.241 million as summarised hereunder:

### **3.1 Excess payment to suppliers/contractors – Nu. 2.241 million**

The Basic Skills Development Project had made excess payment of Nu. 2.241 million to the contractor in the laying and installation of articulating block fabric form mattress for river bank protection at Vocational Training Institute, Ranjung. The excess payment occurred due to flawed measurements. (Para 1.2, AIN 7562/PLC)

#### **Who are accountable?**

Samten Wangdi, Accountant & Phuntsho Wangmo, Project Manager

## **6.9 Ministry of Works & Human Settlement**

During the period, the Royal Audit Authority had issued 22 reports of the Ministry of Works & Human Settlement and its departments, divisions and units. There were 120 observations pointed out in the reports involving over Nu. 872.550 million. However, 82 observations amounting to over Nu. 240.481 million were settled. The total unresolved significant irregularities amounted to Nu. 5.894 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Violation of Laws and Rules	2.216	4
2	Shortfalls, Lapses & Deficiencies	3.678	5
	<b>Total</b>	<b>5.894</b>	

## 1 Violation of Laws and Rules – Nu. 2.216 million

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There were cases of violation of laws and rules amounting to Nu. 2.216 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Non-achievement of value for money	2.108	2.1	Phuntsho Dorji, Phuntsho Gyeltshen, Project Director & Rinchen Dorji, Director
1.2	Non-levy/deduction of liquidated damages/penalties	0.050	7 & 8	Dorji Wangchuk, LRO, S.K Sarkar, Personal Assistant – III & Karma Dorji, Sr. Urban Planner
1.3	Non-rectification of defective works	0.058	1.2.3	Mathew, JE & O.K Pradhan, Dy. EE
	<b>Total</b>	<b>2.216</b>		

The cases of violation of laws and rules are explained below:

### **1.1 Non-achievement of value for money – Nu. 2.108 million**

The Department of Urban Development & Engineering Services had awarded the preparation of design, drawing and bill of quantities for renovation and remodelling of banquet hall to a consultant at a cost of Nu. 2.108 million. However, on review of the running bills vis-à-vis the Bill of Quantities, there were abnormal deviations which were as high as 158% and involving Nu. 5.267 million. Such instances were indicative of incorrect or improper assessment of bill of quantities. (AIN 7360)

### **1.2 Non-levy/deduction of liquidated damages/penalties – Nu. 0.050 million**

The City Corporation, Phuentsholing had not levied penalties amounting to Nu. 0.050 million for delay in the deposit of monthly rents of the leased land and coffee house. (AIN 7421)

### **1.3 Non-rectification of defective works – Nu. 0.058 million**

The Field Road Maintenance Division, Lobesa had awarded the resurfacing of Wakleytar - Wangdue highway on contract at a price of Nu. 0.324 million. A joint physical verification of the works executed revealed defective works valuing Nu. 0.058 million. (AIN 7631)

## 2 Shortfalls, Lapses & Deficiencies – Nu. 3.678 million

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The Ministry had cases of shortfalls, lapses & deficiencies involving Nu. 3.678 million as summarised hereunder:

## 2.1 *Outstanding advances – Nu. 3.678 million*

- a) The Department of Urban Development and Engineering Services had advances of Nu. 0.043 million lying outstanding against various officials. (Para 1, AIN 7360)

### *Who are accountable?*

Rinchen Dorji, Director, Dhak Tshering, DCAO

- b) The Department of Urban Development and Engineering Services had Public Works advances of Nu. 0.099 million lying outstanding against various officials. (Para 3, AIN 7360)

### *Who are accountable?*

Jampa Pemo, P.A, Pema Tshewang, D.S, Sangay Tenzin, Surveyor, Tandin Zangmo, PA, Dorji Lhamo, Chief Adm. Officer

- c) The Field Road Maintenance Division, Phuntsholing had advances of Nu. 1.226 million lying outstanding against various officials and contractors. (Para 3.1, AIN 7351)

### *Who are accountable?*

Tshering Gyeltshen, EE (Supervisory)

- d) The National Housing Development Corporation had advances of Nu. 0.049 million lying outstanding against various officials and parties. (Para 2, AIN 7638)

### *Who are accountable?*

Karma Drukpa, Chador Y. Jamtsho, Darji Tshering, Dhak Tshering, DCAO

- e) The Field Division, Trongsa had advances of Nu. 2.095 million lying outstanding against various parties. (Para 6, AIN 7647)

### *Who are accountable?*

Kencho, EE (Supervisory)

- f) The Thimphu City Corporation had advances of Nu. 0.166 million lying outstanding against various employees and suppliers. (Para 4.1, AIN 7221)

### *Who are accountable?*

Phuntsho Wangdi, FO (Supervisory)